PATRIOTS POINT DEVELOPMENT AUTHORITY

MOUNT PLEASANT, SOUTH CAROLINA

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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SOUTH CAROLINA OFFICE OF THE STATE AUDITOR
1401 Main Street, Suite 1200 • Columbia, SC 29201

September 10, 2019

Members of the Authority
Patriots Point Development Authority
Mt. Pleasant, South Carolina

This report on the audit of the financial statements of the Patriots Point Development Authority for the fiscal year ended June 30, 2019, was issued by Greene Finney, LLP, Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

If you have any questions regarding this report, please let us know.

Respectfully submitted,

George L. Kennedy, III

George L. Kennedy, III, CPA
State Auditor

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PATRIOTS POINT DEVELOPMENT AUTHORITY
MOUNT PLEASANT, SOUTH CAROLINA

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Greene Finney, LLP
Certified Public Accountants & Advisors

INDEPENDENT AUDITOR'S REPORT

Mr. George L. Kennedy, III, CPA
State Auditor
Office of the State Auditor
Columbia, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of Patriots Point Development Authority (the "Authority"), a discretely presented component unit of the State of South Carolina, as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Patriots Point Development Authority, as of June 30, 2019 and 2018, and the changes in its financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Change in Accounting Principle

As discussed in Note B to the financial statements, for the year ended June 30, 2018 the Authority adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 75 "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension schedules, and other postemployment benefit schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2019 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Greene Finney, LLP

Greene Finney, LLP
Mauldin, South Carolina
September 10, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED JUNE 30, 2019 AND 2018

The following is a discussion and analysis of Patriots Point Development Authority's financial performance and provides an overview of the activities for the fiscal years ended June 30, 2019 and 2018. Please read in conjunction with the financial statements, which follow this analysis.

Patriots Point Development Authority (the "Authority") was established through Section 51-13-710 of the Code of Laws of South Carolina. The Authority is part of the primary government of the State of South Carolina (the "State") and its funds are included in the State's Comprehensive Annual Financial Report. The activities of the Authority are accounted for as a non-major discretely presented component unit of the State of South Carolina. In fiscal years 2019 and 2018, the Authority received $415,000 and $415,000, respectively, in State appropriated funds. The Authority funds its operations primarily through admission fees, gift shop sales, an overnight camping program, and lease and commission income.

FINANCIAL HIGHLIGHTS

The following are financial highlights for the fiscal year ended June 30, 2019 compared to 2018:

- The assets and deferred outflows of the Authority exceeded liabilities and deferred inflows by approximately $159,000 (net position). Unrestricted net position was a deficit of approximately $10,628,000 as of June 30, 2019 compared to a deficit of approximately $10,507,000 as of June 30, 2018. The deficit was primarily the result of the net pension and Other Postemployment Benefit ("OPEB") liabilities required by Governmental Accounting Standards Board ("GASB") Statements 68 and 75.
- Total operating revenues from all sources were approximately $12,020,000 for the year ended June 30, 2019, a decrease of approximately $440,000 from the prior fiscal year.
- The total operating expenses were approximately $13,729,000, a decrease of approximately $295,000 from the prior fiscal year.
- Cash and cash equivalents increased approximately $274,000 during the fiscal year to approximately $4,581,000 at June 30, 2019.

The following are financial highlights for the fiscal year ended June 30, 2018 compared to 2017:

- The assets and deferred outflows of the Authority exceeded liabilities and deferred inflows by approximately $1,500,000 (net position). Unrestricted net position was a deficit of approximately $10,507,000 as of June 30, 2018 compared to a deficit of approximately $10,177,000 as of June 30, 2017, as restated for the adoption of GASB #75.
- Total operating revenues from all sources were approximately $12,460,000 for the year ended June 30, 2018, an increase of approximately $709,000 from the prior fiscal year.
- The total operating expenses were approximately $14,024,000, an increase of approximately $421,000 from the prior fiscal year.
- Cash and cash equivalents increased approximately $400,000 during the fiscal year to approximately $4,307,000 at June 30, 2018.

FINANCIAL HIGHLIGHTS (CONTINUED)

- The Authority adopted GASB Statement No. 75 "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*" ("Statement") for the year ended June 30, 2018. This Statement requires the Authority to recognize a net other postemployment benefits ("OPEB") liability and any related deferred outflows/inflows of resources for any material amounts related to its participation in the South Carolina Retiree Health Insurance Trust Fund and the South Carolina Long-Term Disability Insurance Trust Fund, cost-sharing multiple-employer defined benefit OPEB plans ("OPEB Plans"), on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e., the Statement of Net Position) and present more extensive note disclosures.

  The adoption has resulted in the restatement of the Authority's net position as of July 1, 2017 for its enterprise fund financial statements to reflect the reporting of a net OPEB liability and deferred outflows of resources for its OPEB Plans in accordance with the provisions of this Statement. Net position of the Authority's enterprise fund financial statements as of July 1, 2017 was decreased by approximately $6,614,000, reflecting the cumulative change in accounting principle related to the adoption of this Statement. See Note J in the notes to the financial statements for more information regarding the Authority's OPEB Plans.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of two parts – the *Financial Section* (which includes management's discussion and analysis and the financial statements) and the *Compliance Section*.

Financial Statements

The Financial Statements include the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position; both of which provide an indication of the Authority's financial health. The *Statement of Net Position* includes all of the Authority's assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by most private sector companies, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Position* reports all of the current year's revenues and expenses regardless of when cash is received or paid.

The Financial Statements also include the *Statement of Cash Flows* which provides information about the Authority's cash receipts, cash payments and changes in cash resulting from operations, investments, and non-capital financing activities as well as capital and related financing activities. From the Statement of Cash Flows, the reader can obtain information on the sources and uses of cash and the change in the cash balance from the beginning of the current fiscal year.

The *Notes to the Financial Statements* provide required disclosures and other information that are essential to a full understanding of the data provided in the financial statements.

FINANCIAL ANALYSIS

The following is a summary of the Statements of Net Position as of June 30, 2019 and 2018:

Condensed Statements of Net Position

	2019	2018 *
Assets		
Current Assets	$ 5,389,530	$ 5,167,485
Noncurrent Assets:		
Capital Assets, Net of Accumulated Depreciation	18,986,529	20,207,582
Total Assets	24,376,059	25,375,067
Deferred Outflows	1,637,148	1,954,403
Liabilities		
Current Liabilities	1,142,542	1,074,508
Net Pension Liability	8,182,054	8,661,791
Net OPEB Liability	6,361,459	6,387,880
Other Noncurrent Liabilities	9,007,454	9,096,419
Total Liabilities	24,693,509	25,220,598
Deferred Inflows	1,160,713	608,735
Net Position		
Net Investment in Capital Assets	10,786,529	12,007,582
Unrestricted	(10,627,544)	(10,507,445)
Total Net Position	$ 158,985	$ 1,500,137

* The Authority implemented GASB #75 in the year ended June 30, 2018.

The Authority's net position decreased by approximately $1,341,000 from 2018 to 2019.

Total assets decreased by approximately $999,000 as a result of an increase of approximately $274,000 in cash and cash equivalents and a decrease of approximately $1,221,000 in net capital assets primarily due to annual depreciation expense. Total liabilities decreased by approximately $527,000 primarily as a result of a decrease in the net pension liability of $480,000.

FINANCIAL ANALYSIS (CONTINUED)

The following is a summary of the Statements of Net Position as of June 30, 2018 and 2017:

Condensed Statements of Net Position

	2018 *	2017
Assets		
Current Assets	$ 5,167,485	$ 4,769,555
Noncurrent Assets:		
Capital Assets, Net of Accumulated Depreciation	20,207,582	21,096,697
Total Assets	25,375,067	25,866,252
Deferred Outflows	1,954,403	1,731,450
Liabilities		
Current Liabilities	1,074,508	1,033,375
Net Pension Liability	8,661,791	8,026,178
Net OPEB Liability	6,387,880	-
Other Noncurrent Liabilities	9,096,419	9,196,074
Total Liabilities	25,220,598	18,255,627
Deferred Inflows	608,735	8,716
Net Position		
Net Investment in Capital Assets	12,007,582	12,896,697
Unrestricted	(10,507,445)	(3,563,338)
Total Net Position	$ 1,500,137	$ 9,333,359

* The Authority implemented GASB #75 in the year ended June 30, 2018.

The Authority's net position decreased by approximately $7,833,000 from 2017 to 2018, including $6,614,000 related to the adoption of GASB #75.

Total assets decreased by approximately $491,000 as a result of an increase of approximately $400,000 in cash and cash equivalents and a decrease of approximately $890,000 in net capital assets. Total liabilities increased by approximately $6,965,000 primarily as a result of an increase in the net OPEB and pension liabilities of $6,388,000 and $636,000.

FINANCIAL ANALYSIS (CONTINUED)

The following is a summary of the Statements of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2019 and 2018:

Statements of Revenues, Expenses, and Changes in Net Position

	2019	2018 *
Revenues		
Admissions	$ 5,825,448	$ 5,838,413
Gift Shop Sales	1,651,057	1,671,046
Scouting Program Revenues	1,437,535	1,642,159
Leases and Commissions Income	2,440,390	2,540,193
Parking Lot Fees	578,462	646,676
Miscellaneous	87,187	121,367
Total Revenues	**12,020,079**	**12,459,854**
Expenses		
Personnel Services	4,479,292	4,390,617
Contractual Services	3,552,404	3,324,524
Cost of Goods Sold	668,044	685,020
Employer Payroll Contributions	2,130,637	2,395,870
Depreciation	1,310,432	1,473,005
Supplies	834,429	862,128
Utilities	342,228	461,493
Insurance and Rental Charges	289,170	322,409
Travel	91,620	85,637
Other	30,700	23,184
Total Expenses	**13,728,956**	**14,023,887**
Operating Income (Loss)	**(1,708,877)**	**(1,564,033)**
Non-Operating Revenues (Expenses)		
Interest Income	84,754	54,448
Interest Expense	(132,029)	(124,505)
State Appropriations	415,000	415,000
Total Non-Operating Revenues (Expenses)	**367,725**	**344,943**
Change in Net Position	**(1,341,152)**	**(1,219,090)**
Beginning Net Position	1,500,137	9,333,359
Cumulative Change in Accounting Principle - GASB #75	-	(6,614,132)
Net Position, Beginning of Year - As Restated	1,500,137	2,719,227
Ending Net Position	**$ 158,985**	**$ 1,500,137**

* The Authority implemented GASB #75 in the year ended June 30, 2018.

FINANCIAL ANALYSIS (CONTINUED)

The Authority's operating loss increased by approximately $145,000 to approximately $1,709,000. Operating revenues decreased approximately $440,000, while operating expenses decreased by approximately $295,000. Scouting program revenues and leases and commissions income decreased by $205,000 and $100,000 primarily due to a decrease in attendance. Contractual services increased by $228,000 offset by decreases in employer payroll contributions, depreciation expense and utilities of $265,000, $163,000 and $119,000.

The following is a summary of the Statements of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2018 and 2017:

Statements of Revenues, Expenses, and Changes in Net Position

	2018 *	2017
Revenues		
Admissions	$ 5,838,413	$ 5,475,269
Gift Shop Sales	1,671,046	1,621,594
Scouting Program Revenues	1,642,159	1,724,361
Leases and Commissions Income	2,540,193	2,257,037
Parking Lot Fees	646,676	638,977
Miscellaneous	121,367	34,103
Total Revenues	**12,459,854**	**11,751,341**
Expenses		
Personnel Services	4,390,617	4,403,754
Contractual Services	3,324,524	3,489,836
Cost of Goods Sold	685,020	712,102
Employer Payroll Contributions	2,395,870	1,994,281
Depreciation	1,473,005	1,370,901
Supplies	862,128	760,675
Utilities	461,493	436,619
Insurance and Rental Charges	322,409	337,700
Travel	85,637	93,496
Other	23,184	3,625
Total Expenses	**14,023,887**	**13,602,989**
Operating Income (Loss)	**(1,564,033)**	**(1,851,648)**
Non-Operating Revenues (Expenses)		
Interest Income	54,448	55,607
Interest Expense	(124,505)	(16,234)
State Appropriations	415,000	465,000
Voluntary Nonexchange Donations	-	700
Intergovernmental Revenue	-	264,931
Other Non-Operating Expense	-	(198,846)
Total Non-Operating Revenues (Expenses)	**344,943**	**571,158**
Change in Net Position	**(1,219,090)**	**(1,280,190)**
Beginning Net Position	9,333,359	10,613,549
Cumulative Change in Accounting Principle - GASB #75	(6,614,132)	-
Net Position, Beginning of Year - As Restated	2,719,227	10,613,549
Ending Net Position	**$ 1,500,137**	**$ 9,333,359**

* The Authority implemented GASB #75 in the year ended June 30, 2018.

FINANCIAL ANALYSIS (CONTINUED)

The Authority's operating loss decreased by approximately $287,000 to approximately $1,564,000. Operating revenues increased approximately $709,000, while operating expenses increased by approximately $421,000. Personnel services and employer payroll contributions increased by approximately $401,000 primarily due to an increase in pension expense and OPEB expense as a result of the net increase in net pension and OPEB liability and related deferred inflows and outflows.

CAPITAL ASSET AND DEBT ADMINISTRATION

As of June 30, 2019, the Authority had a net investment in capital assets of approximately $10,787,000 which was a decrease of approximately $1,221,000 from the balance as of June 30, 2018. The decrease was primarily a result of depreciation expense of approximately $1,310,000.

As of June 30, 2018, the Authority had a net investment in capital assets of approximately $12,008,000 which was a decrease of approximately $889,000 from the balance as of June 30, 2017. The decrease was the result of capital acquisitions of approximately $584,000 which were offset by depreciation expense of approximately $1,473,000.

In fiscal year 2009, the Authority borrowed $9,200,000 from the Bond Proceeds Account of the General Obligation State Capital Improvement Bonds, Series 2004A of the State of South Carolina. The amount outstanding at June 30, 2019 and 2018 was $8,200,000. The Authority borrowed the money for the emergency dry-docking and critical maintenance repairs to the USS Laffey. The original terms of the loan called for the Authority to repay the amount in full plus accrued interest on December 1, 2010. During fiscal year 2011, a principal payment of $500,000 was made and the due date of the loan was extended to May 2, 2013. During fiscal year 2013, the State amended the terms of the loan to extend the loan to May 2, 2015. During fiscal year 2015, the Authority made a payment of approximately $804,000 that consisted of $500,000 for principal and approximately $304,000 for interest, and the due date of the loan was extended to November 1, 2015. No principal payments were made during fiscal year 2016 or 2017. During fiscal year 2018, the Authority negotiated amended payment terms on the obligation that include payments through August 31, 2028.

Additional information of the Authority's capital assets and long-term debt can be found in Notes D and F, respectively, in the Notes to the Financial Statements.

ECONOMIC FACTORS

In considering the Authority's budget for fiscal year 2019, the Authority Board and staff were cautious as to the growth of revenues and expenditures. The budget demonstrates the financial priorities used in the agency's decision making process, namely 1) increasing visitation to the museum 2) improvements needed to sustain and maintain the USS Yorktown and the other existing museum ships as the core of the Naval and Maritime Museum far into the future, 3) future development of the museum to appeal more effectively to the changing visitor demographics, 4) enhancement and improvement in the various education programs we offer, and 5) planned development of 36 acres to improve the entire Patriots Point complex as a tourism destination and a community activity hub.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Patriots Point Development Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Controller, Patriots Point Development Authority, 40 Patriots Point Road, Mt. Pleasant, South Carolina, 29464.

PATRIOTS POINT DEVELOPMENT AUTHORITY
MOUNT PLEASANT, SOUTH CAROLINA

STATEMENTS OF NET POSITION - ENTERPRISE FUND

JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 4,569,732	$ 4,295,855
Cash and Cash Equivalents, Restricted	11,262	11,262
Lease and Commission Income Receivable	513,396	559,298
Prepaid Expenses	8,796	8,796
Inventories	286,344	292,274
Total Current Assets	5,389,530	5,167,485
Noncurrent Assets:		
Capital Assets, Net of Accumulated Depreciation	18,986,529	20,207,582
Total Noncurrent Assets	18,986,529	20,207,582
TOTAL ASSETS	**24,376,059**	**25,375,067**
DEFERRED OUTFLOWS OF RESOURCES		
Deferred OPEB Charges	371,273	245,425
Deferred Pension Charges	1,265,875	1,708,978
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**1,637,148**	**1,954,403**
LIABILITIES		
Current Liabilities:		
Accounts Payable	67,827	9,141
Interest Payable	132,000	132,000
Accrued Payroll and Related Liabilities	512,244	478,132
Compensated Absences and Related Liabilities, Current	243,733	248,737
Unearned Revenues, Current	186,738	206,498
Total Current Liabilities	1,142,542	1,074,508
Noncurrent Liabilities:		
Compensated Absences and Related Liabilities, Noncurrent	205,232	209,554
Unearned Revenues, Noncurrent	602,222	686,865
Loan Payable, Noncurrent	8,200,000	8,200,000
Net OPEB Liability	6,361,459	6,387,880
Net Pension Liability	8,182,054	8,661,791
Total Noncurrent Liabilities	23,550,967	24,146,090
TOTAL LIABILITIES	**24,693,509**	**25,220,598**
DEFERRED INFLOWS OF RESOURCES		
Deferred OPEB Credits	809,339	603,934
Deferred Pension Credits	351,374	4,801
TOTAL DEFERRED INFLOWS OF RESOURCES	**1,160,713**	**608,735**
NET POSITION		
Net Investment in Capital Assets	10,786,529	12,007,582
Unrestricted	(10,627,544)	(10,507,445)
TOTAL NET POSITION	**$ 158,985**	**$ 1,500,137**

The notes to the financial statements are an integral part of these statements.
See accompanying independent auditor's report.

PATRIOTS POINT DEVELOPMENT AUTHORITY
MOUNT PLEASANT, SOUTH CAROLINA

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - ENTERPRISE FUND

YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
OPERATING REVENUES		
Admissions	$ 5,825,448	$ 5,838,413
Gift Shop Sales	1,651,057	1,671,046
Scouting Program Revenues	1,437,535	1,642,159
Leases and Commissions Income	2,440,390	2,540,193
Parking Lot Fees	578,462	646,676
Miscellaneous	87,187	121,367
TOTAL OPERATING REVENUES	**12,020,079**	**12,459,854**
OPERATING EXPENSES		
Personnel Services	4,479,292	4,390,617
Contractual Services	3,552,404	3,324,524
Cost of Goods Sold	668,044	685,020
Employer Payroll Contributions	2,130,637	2,395,870
Depreciation	1,310,432	1,473,005
Supplies	834,429	862,128
Utilities	342,228	461,493
Insurance and Rental Charges	289,170	322,409
Travel	91,620	85,637
Other	30,700	23,184
TOTAL OPERATING EXPENSES	**13,728,956**	**14,023,887**
OPERATING INCOME (LOSS)	**(1,708,877)**	**(1,564,033)**
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	84,754	54,448
Interest Expense	(132,029)	(124,505)
State Appropriations	415,000	415,000
TOTAL NON-OPERATING REVENUES (EXPENSES)	**367,725**	**344,943**
INCREASE (DECREASE) IN NET POSITION	**(1,341,152)**	**(1,219,090)**
NET POSITION, Beginning of Year	1,500,137	9,333,359
Cumulative Change in Accounting Principle - GASB #75	-	(6,614,132)
NET POSITION, Beginning of Year - As Restated	1,500,137	2,719,227
NET POSITION, End of Year	**$ 158,985**	**$ 1,500,137**

The notes to the financial statements are an integral part of these statements.
See accompanying independent auditor's report.

PATRIOTS POINT DEVELOPMENT AUTHORITY
MOUNT PLEASANT, SOUTH CAROLINA

STATEMENTS OF CASH FLOWS - ENTERPRISE FUND

YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Admissions and Gift Shop Sales	$ 7,476,505	$ 7,509,459
Other Operating Cash Receipts	87,187	121,367
Cash Received from Parking Lot Fees	578,462	646,676
Cash Received from Lease and Rental Activities	3,819,424	4,019,954
Cash Paid for Employee Wages and Benefits	(6,222,068)	(5,989,155)
Cash Paid to Suppliers for Goods and Services	(4,214,518)	(3,987,273)
Cash Paid for General and Administrative Expenses	(1,529,461)	(1,806,181)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(4,469)	514,847
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of Capital Assets	(89,379)	(583,890)
State Appropriations	415,000	415,000
Interest Paid on Loan Payable	(132,029)	-
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	193,592	(168,890)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	84,754	54,448
NET CASH PROVIDED BY INVESTING ACTIVITIES	84,754	54,448
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**273,877**	**400,405**
CASH AND CASH EQUIVALENTS, Beginning of Year	4,307,117	3,906,712
CASH AND CASH EQUIVALENTS, End of Year	**$ 4,580,994**	**$ 4,307,117**

	2019	2018
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED IN OPERATING ACTIVITIES		
Operating Income (Loss)	$ (1,708,877)	$ (1,564,033)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation Expense	1,310,432	1,473,005
Change In:		
Accounts Receivable	45,902	(19,796)
Inventories	5,930	22,271
Accounts Payable	58,686	(51,330)
Accrued Payroll and Related Liabilities	34,112	20,363
Compensated Absences and Related Liabilities	(9,326)	(9,458)
Unearned Revenues	(104,403)	(142,602)
Net Pension Liability	(479,737)	635,613
Net OPEB Liability	(26,421)	(435,671)
Changes in Deferred Outflows/Inflows of Resources:		
Deferred Pension Charges	443,103	22,472
Deferred OPEB Charges	(125,848)	(36,006)
Deferred Pension Credits	346,573	(3,915)
Deferred OPEB Credits	205,405	603,934
NET CASH USED IN OPERATING ACTIVITIES	$ (4,469)	$ 514,847

	2019	2018
RECONCILIATION OF CASH AND CASH EQUIVALENTS - STATEMENTS OF NET POSITION TO STATEMENTS OF CASH FLOWS		
Cash and Cash Equivalents	4,569,732	4,295,855
Cash and Cash Equivalents, Restricted	11,262	11,262
TOTAL CASH AND CASH EQUIVALENTS	$ 4,580,994	$ 4,307,117

The notes to the financial statements are an integral part of these statements.
See accompanying independent auditor's report.

NOTE A – REPORTING ENTITY

Patriots Point Development Authority (the "Authority"), also known as the Naval and Maritime Museum, was established through Section 51-13-710 of the Code of Laws of South Carolina. The Authority is dependent on the State of South Carolina (the "State") for debt financing and appointment of its Board by the Governor. Although the Authority operates somewhat independently, it lacks full corporate powers. In addition, the Authority is financially accountable to and dependent on the State and is subject to various State procurement, budget, personnel, and other regulations. The Authority is included in the State of South Carolina's Comprehensive Annual Financial Report as a non-major discretely presented component unit. The core of a financial reporting entity is the primary government, which has a separately elected governing body. An organization other than a primary government, such as the Authority, may serve as a nucleus for a reporting entity when it issues separate financial statements.

The Authority was formed by the State to develop and improve the Patriots Point area in Charleston County, South Carolina, and to assist in developing Patriots Point by acquiring, constructing, equipping, and maintaining museum buildings, aquariums, laboratories, public exhibits, entertainment facilities, historical monuments, and lodging at Patriots Point. The Authority has a statutory mandate to improve the Patriots Point area in order to provide a self-sufficient place of naval and maritime history, a repository of state and national heritage and other educational and recreational activities fostering pride and patriotism.

Management's stated mission is to 1) establish, develop and operate a national museum of ships, naval and maritime equipment, artifacts, manuscripts, art and other historic military displays for the purpose of fostering patriotism, generating pride and respect for the United States of America and for memorializing all soldiers, sailors, and airmen who have given their lives in the service of their country, and 2) develop and enhance Patriots Point and its contiguous water areas to support the operation of its historic ships and aircraft, provide a place of education and recreation, and stimulate national and international travel by providing museums, attractions, lodging and accommodations.

During 1974 and 1975, the Authority acquired land, from which it now operates on the Charleston Harbor, in the Town of Mt. Pleasant, across the Cooper River from the City of Charleston. The Authority currently displays for tour the USS Yorktown aircraft carrier, destroyer USS Laffey, and submarine USS Clamagore, and various aircraft and other military exhibits. The Authority owns the Patriots Point golf course, which is managed and leased by GINN-LA Fund IV Charleston PP Golf, LLC.

Primary sources of operating revenue are museum admissions, sales at the museum gift shop, educational programs such as the youth education and camping programs, and commissions from lease functions, on-site vending franchises and the Patriots Point Links. The Authority charges fees for its goods and services and parking lot to users external to the State of South Carolina (the public).

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"), as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

As required by GAAP, the financial statements must present the Authority's financial information with any of its component units. The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability, which is presumed to exist if the Authority both appoints a voting majority of the entity's governing body, and either 1) the Authority is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on the Authority. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the Authority and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the Authority. Based on these criteria, the Authority does not have any component units for the year ended June 30, 2019.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements present the financial position, results of operations, and cash flows solely of the Authority in conformity with accounting principles generally accepted in the United States of America. They do not include any other agencies or funds of the State, nor do they present the financial position of the State, the results of its operations, or its cash flows.

Basis of Accounting: The Authority prepares its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Accordingly, revenues are recognized in the accounting period in which they are earned and become measurable; expenses are recognized in the period incurred if measurable. The Authority accounts for its activities (operations of the maritime museum, which includes revenues from admissions, scout camping and activities, a golf course lease, leases of other parcels being developed and various concessions) as operating revenues and expenses using the economic resources measurement focus and the accrual basis of accounting. For the Authority, non-operating revenues include interest income, State appropriations, and voluntary non-exchange private donations.

Fund Accounting: The Authority uses an enterprise fund to report its financial position and the results of its operations. A fund is a separate fiscal and accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain government functions or activities. The activities of the Authority are accounted for within an enterprise fund of the proprietary fund category. Enterprise funds account for business-like activities that provide goods and services to the public financed primarily through user charges. A proprietary fund is used to account for activities similar to those found in the private sector. The measurement focus of proprietary funds is based upon determination of change in net position, financial position, and cash flows.

Cash and Cash Equivalents: The amounts shown in the financial statements as cash and cash equivalents represent petty cash, cash on hand with the State Treasurer, and cash invested in various instruments by the State Treasurer as part of the State's internal cash management pool.

Because the cash management pool operates as a demand deposit account, amounts invested in the pool are classified as cash and cash equivalents. The pool includes some long-term investments such as obligations of the United States and certain agencies of the United States, obligations of the State and certain of its political subdivisions, certificates of deposit, and collateralized repurchase agreements. The State's internal cash management pool consists of a general deposit account and several special deposit accounts.

The State records each agency's equity interest in the general deposit account; however, all earnings on the account are credited to the General Fund of the State. The Authority records and reports its deposits in the general deposit account at cost. The Authority reports it deposits in the special deposit accounts at fair value. Investments held by the pool are reported at fair value. Interest earnings are allocated based on the percentage of the Authority's accumulated daily income receivable to the total income receivable of the pool. Realized gains and losses are allocated daily and are included in the accumulated income receivable. Unrealized gains or losses arising from changes in the fair value of investments held by the pool are accrued and allocated at year-end based on the Authority's percentage ownership in the pool. Although the cash management pool includes some long-term investments, it operates as a demand deposit account; therefore, for credit and other risk information pertaining to the cash management pool, refer to the footnote on deposits.

Allowance for Bad Debts: The Authority considers accounts receivable to be fully collectible; accordingly, no allowance for bad debt is required.

Inventories: Inventories represent gift shop merchandise for resale and are carried at the lower of cost or market. Cost is determined on the average cost basis.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Assets: It is the policy of the Authority to first apply restricted assets (private donations) when an expense is incurred for purposes for which restricted and unrestricted net position are available.

Property and Equipment: Purchased property and equipment are recorded at cost and are depreciated over the estimated useful lives of the assets on a straight-line basis. The estimated useful lives are as follows:

Asset Category	Useful Life Range
Depreciable Land Improvements	5-50 years
Building and Improvements	5-25 years
Machinery and Equipment	5-10 years
Depreciable Works of Art and Historic Treasures	10-40 years

Donated assets are capitalized at estimated acquisition value as of the date of donation.

Self-constructed assets are accounted for by the cost of labor and materials involved in constructing the asset.

Expenditures for purchases of property and equipment or for major improvements that are greater than $5,000 for machinery and equipment, $100,000 for buildings and improvements, and $100,000 for depreciable land improvements; and have a useful life greater than one year; and extend the useful life of property and equipment are capitalized. Maintenance and repairs, which do not significantly improve or extend the life of respective assets, are expensed as incurred.

Unearned Revenues: The Authority receives rent, camping deposits, and initial lease amounts for future periods. The camping deposits are recognized as revenue when the camping trip occurs. The advance rents and leases are recognized as revenue proportionately over the time period for which the amounts properly apply.

Compensated Absences and Related Liabilities: Generally, all permanent full-time State employees and certain part-time employees scheduled to work at least one-half of the working days of the month are entitled to accrue and carry forward at calendar year-end maximums of 180 days sick leave and 45 days annual vacation leave based upon maximum payout guidelines of the State. Upon termination of State employment, employees are entitled to be paid for accumulated unused annual vacation leave, but are not entitled to any payment for unused sick leave. The compensated absences liability includes accrued annual leave and compensatory time earned for which the employees are entitled to paid time off or payment at termination. That liability is calculated at fiscal year-end current salary costs.

Deferred Outflows/Inflows of Resources: In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority currently has two types of deferred outflows of resources: (1) The Authority reports *deferred pension charges* in its Statement of Net Position in connection with its participation in the South Carolina Retirement System. (2) The Authority reports *deferred OPEB charges* in in its Statement of Net Position in connection with its participation in the South Carolina Retiree Health Insurance Trust Fund. The *deferred pension and OPEB charges* are either (a) recognized in the subsequent period as a reduction of the net pension/OPEB liability (which includes contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension/OPEB expense in future periods in accordance with GAAP.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources (Continued): In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority currently has two types of deferred inflows of resources: (1) The Authority reports *deferred pension credits* in its Statements of Net Position in connection with its participation in the South Carolina Retirement System. (2) The Authority reports *deferred OPEB credits* in its Statement of Net Position in connection with its participation in the South Carolina Retiree Health Insurance Trust Fund. The *deferred pension and OPEB credits* are amortized in a systematic and rational method and recognized as a reduction of pension/OPEB expense in future periods in accordance with GAAP.

Net Position: Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows in the Statement of Net Position. Net position is classified as net investment in capital assets; restricted; and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Outstanding debt which has not been spent is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, laws, or regulations of other governments.

Pensions and Other Postemployment Benefits: The Authority recognizes net pension and net OPEB liabilities for each plan for which it participates, which represents the excess of the total pension and OPEB liabilities over the fiduciary net position of the qualified plan, or the Authority's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the Authority's fiscal year-end. Changes in the net pension and OPEB liabilities during the period are recorded as pension and OPEB expenses, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension and OPEB liabilities that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified plan and recorded as a component of pension and OPEB expense beginning with the period in which they are incurred. Any projected earnings on qualified pension and OPEB plan investments are recognized as a component of pension and OPEB expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension and OPEB expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

Budget Policy: The Appropriation Act, as enacted by the General Assembly, becomes the legal operating budget for the Authority. The Appropriation Act authorizes expenditures from funds appropriated from the General Fund of the State and authorizes expenditures of total funds. The Total Funds column in the Appropriation Act for each individual budgetary unit authorizes expenditures from all budgeted resources. A revenue budget is not adopted for individual budgetary units. The General Assembly enacts the budget through passage of line-item appropriations by program within budgetary unit and within budgetary fund category, State General Fund or other budgeted funds.

Budgetary control is maintained at the line-item level of the budgetary entity. Agencies may process disbursement vouchers in the State's budgetary accounting system only if enough cash and appropriation authorization exist. For the current year, the Authority received no State General Fund appropriations. Generally accepted accounting principles do not require budgetary comparisons to be presented for proprietary funds; therefore, none are included in these statements.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources and disclosure of these balances as of the date of the financial statements. In addition, they affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Change in Accounting Principle: The Authority adopted GASB Statement No. 75 "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"* ("Statement") for the year ended June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for other postemployment benefits ("OPEB"). It also improves information provided by state and local government employers about financial support for OPEB that are provided by other entities. In addition, state and local governments who participate in a cost-sharing multiple-employer plan will now be required to recognize their proportionate share of the net OPEB liability of that plan. It is GASB's intention that this new Statement will provide citizens and other users of the financial statements with a clearer picture of the size and nature of the Authority's financial obligations to current and former employees for past services rendered.

In particular, this Statement requires the Authority to recognize a net OPEB liability, any related deferred outflows/inflows of resources, and a more comprehensive measure of OPEB expense for any material amounts related to its participation in the South Carolina Retiree Health Insurance Trust Fund and the South Carolina Long-Term Disability Insurance Trust Fund, cost-sharing multiple-employer defined benefit OPEB plans ("OPEB Plans"), on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e., the Statement of Net Position) and present more extensive note disclosures.

The adoption of this Statement resulted in the restatement of the Authority's net position as of July 1, 2017 to reflect the reporting of a net OPEB liability and deferred outflows of resources for its OPEB Plans in accordance with the provisions of this Statement. Net position of the Authority's government-wide financial statements as of July 1, 2017 was decreased by approximately $6,614,000, reflecting the cumulative change in accounting principle related to the adoption of this Statement. See Note J for more information regarding the Authority's OPEB Plans.

NOTE C – DEPOSITS

Deposits Held by State Treasurer — All deposits and investments of the Authority are under control of the State Treasurer who, by law, has sole authority for investing State funds. State law requires full collateralization of all State Treasurer bank balances. The State Treasurer must correct any deficiencies in collateral within seven days. At June 30, 2019 and 2018, all State Treasurer bank balances were fully insured or collateralized with securities held by the State or its agents in the State's name. With respect to investments in the State's internal cash management pool, all of the State Treasurer's investments are insured or registered or are in investments for which the securities are held by the State or its agents in the State's name.

Cash and cash equivalents by component are as follows at June 30, 2019 and 2018, respectively:

	2019	2018
Cash on Hand	$ 9,406	$ 9,405
Deposits Held By State Treasurer	4,571,588	4,297,712
Totals	$ 4,580,994	$ 4,307,117

NOTE C – DEPOSITS (CONTINUED)

Information pertaining to the reported amounts, fair value, credit and other risks as required by GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, of the State Treasurer's investments is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina. Copies of this report may be obtained from the South Carolina Office of the Comptroller General, 1200 Senate Street, 305 Wade Hampton Office Building, Columbia, South Carolina 29201 or by visiting the Comptroller General's website at http://www.cg.sc.gov.

NOTE D – CAPITAL ASSETS

A summary of the changes in capital assets for the year ended June 30, 2019 is shown below:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets, Not Being Depreciated:					
Land and Improvements	$ 4,462,939	-	-	-	$ 4,462,939
Construction in Progress	529,717	-	-	(146,144)	383,573
Capital Assets, Depreciable:					
Depreciable Land Improvements	2,990,251	-	-	-	2,990,251
Building and Improvements	1,703,134	-	-	-	1,703,134
Machinery and Equipment	1,672,690	89,379	-	-	1,762,069
Depreciable Works of Art and Historic Treasures	29,342,266	-	-	146,144	29,488,410
Total Capital Assets	40,700,997	89,379	-	-	40,790,376
Less: Accumulated Depreciation for:					
Depreciable Land Improvements	(2,636,287)	(129,178)	-	-	(2,765,465)
Building and Improvements	(1,564,633)	(10,340)	-	-	(1,574,973)
Machinery and Equipment	(1,230,400)	(115,427)	-	-	(1,345,827)
Depreciable Works of Art and Historic Treasures	(15,062,095)	(1,055,487)	-	-	(16,117,582)
Total Accumulated Depreciation	(20,493,415)	(1,310,432)	-	-	(21,803,847)
Capital Assets, Net	$ 20,207,582	(1,221,053)	-	-	$ 18,986,529

NOTE D – CAPITAL ASSETS (CONTINUED)

A summary of the changes in capital assets for the year ended June 30, 2018 is shown below:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets, Not Being Depreciated:					
Land and Improvements	$ 4,462,939	-	-	-	$ 4,462,939
Construction in Progress	475,115	409,806	-	(355,204)	529,717
Capital Assets, Depreciable:					
Depreciable Land Improvements	2,990,251	-	-	-	2,990,251
Building and Improvements	1,703,134	-	-	-	1,703,134
Machinery and Equipment	1,498,606	174,084	-	-	1,672,690
Depreciable Works of Art and Historic Treasures	28,987,062	-	-	355,204	29,342,266
Total Capital Assets	40,117,107	583,890	-	-	40,700,997
Less: Accumulated Depreciation for:					
Depreciable Land Improvements	(2,507,109)	(129,178)	-	-	(2,636,287)
Building and Improvements	(1,554,293)	(10,340)	-	-	(1,564,633)
Machinery and Equipment	(1,119,644)	(110,756)	-	-	(1,230,400)
Depreciable Works of Art and Historic Treasures	(13,839,364)	(1,222,731)	-	-	(15,062,095)
Total Accumulated Depreciation	(19,020,410)	(1,473,005)	-	-	(20,493,415)
Capital Assets, Net	$ 21,096,697	(889,115)	-	-	$ 20,207,582

Property and equipment does not include certain exhibits to which the right of ownership resides with the government of the United States of America.

NOTE E – UNEARNED REVENUES

Unearned revenues are comprised of the following at June 30, 2019 and 2018, respectively:

	2019	2018
College of Charleston Lease	$ 327,888	$ 335,580
Fort Sumter Tours	357,788	435,288
Camping Deposits	103,284	122,495
Total Unearned Revenues	788,960	893,363
Less: Unearned Revenues, Current	186,738	206,498
Unearned Revenues, Non-current	$ 602,222	$ 686,865

College of Charleston — As part of the lease agreement between the Authority and College of Charleston, the Authority received a $500,000 one-time lump sum payment in September 1998. The payment was recorded as unearned revenue and is being amortized, at a yearly amount of approximately $7,700, into lease income using the straight-line method over the term of the lease agreement.

NOTE E – UNEARNED REVENUES (CONTINUED)

Fort Sumter Tours — During 2014, Fort Sumter Tours financed dredging operations for the Authority, resulting in the addition of a depreciable asset which is recorded in the Authority's capital assets. In exchange for this asset, the Authority recorded the cost as unearned revenue which will be earned in subsequent years as lease payments come due in accordance with the terms of the lease contract with Fort Sumter Tours.

Camping Deposits — Camping deposits represent amounts received and not yet earned for the rental of certain Authority facilities.

NOTE F – LONG-TERM LIABILITIES

The Authority had the following outstanding debt at June 30, 2019:

General Obligation State Capital Improvement Bond, Series 2004A	$ 8,200,000

In December 2008, the Patriots Point operations department discovered critical problems with the hull of the destroyer USS Laffey of such significance that the Authority was faced with the possibility that it could sink at the dock if significant hull repairs were not immediately undertaken. On June 30, 2009, the Authority obtained a loan payable from the State Treasurer of the State of South Carolina in the amount of $9,200,000 for the purpose of funding the destroyer USS Laffey repairs. During the year ended June 30, 2011, the Authority paid $500,000 of the loan payable. The Authority paid an additional $500,000 of the loan payable during the year ended June 30, 2015.

In August 2017, the State Fiscal Accountability Authority approved a revised repayment plan for the $8,200,000 balance. The revised terms include annual interest only payments at a rate of 1.61% due August 2018 through August 2020 and annual payments of principal and interest beginning August 2021 through August 2028. The Authority intends to use lease income, including future revenue generated by the Patriots Annex lease and Parcel E lease described in Note G, as well as operational income generated by an increase in admissions charges to finance principal payments.

Presented below are the debt service requirements to maturity as of June 30, 2019.

Year Ending June 30,	Principal	Interest	Total
2020	$ -	132,029	$ 132,029
2021	700,000	132,029	832,029
2022	700,000	120,759	820,759
2023	1,133,426	109,489	1,242,915
2024	1,133,426	91,241	1,224,667
2025-2029	4,533,148	182,482	4,715,630
Totals	$ 8,200,000	768,029	$ 8,968,029

Change in Compensated Absence Obligation — The change in compensated absences and related liabilities for the year ended June 30, 2019 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences and Related Liabilities	$ 458,291	239,470	(248,796)	448,965	$ 243,733

NOTE F – LONG-TERM LIABILITIES (CONTINUED)

Change in Compensated Absence Obligation — The change in compensated absences and related liabilities for the year ended June 30, 2018 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences and Related Liabilities	$ 467,749	244,412	(253,870)	458,291	$ 248,737

NOTE G – LEASE AND COMMISSION INCOME

For the years ended June 30, 2019 and 2018, respectively, lease and commission income is comprised of the following:

	2019	2018
Hotel/Amenities Lease (Parcel A)	$ 380,119	$ 423,094
Golf Course Lease	336,799	338,255
Food and Beverage Commissions	248,700	302,092
Marina Lease	192,002	177,771
Athletic Complex Lease	176,241	172,772
Flight Simulation Commissions	62,609	74,645
Fort Sumter Tour Commissions	76,870	77,000
Land and Other Facility Leases	285,222	298,018
Parcel A-1	62,665	62,061
Parcel B, C, D	499,163	494,485
Parcel E	120,000	120,000
Total Lease and Commission Income	$ 2,440,390	$ 2,540,193

Lease and commission income receivable due to the Authority at June 30, 2019 and 2018 were approximately $513,000 and $559,000, respectively.

Hotel, Marina, Land and Other Facility Leases — On February 26, 1996, the Authority entered into a 99-year non-renewable lease with Gulf Stream Capital Associates, LLC for the development of approximately 35.6 acres of the Authority's property. The leased premises include land and land improvements. The premises have been subdivided and assigned to other lessees over the past 22 years. The leased land is owned by the Authority, but will be maintained by the lessee. The leasehold improvements are owned by the lessee during the lease period and at the expiration of the lease, ownership of the assets reverts to the lessor.

The leased premises are subdivided into parcels for the ease of administration and orderly development. Parcel A contains a hotel. Parcel A-1 contains ten cottages, a clubhouse, and a pool. Parcel B-1 is the marina. Parcels B, C, and D have been developed with a hotel, resort pool complex, and a restaurant. Development of parcel E has not yet commenced. The Authority has the right to approve the master plan for each parcel prior to commencement of development of that parcel. Furthermore, the Authority has the right to review and approve all plans and specifications for construction.

NOTE G – LEASE AND COMMISSION INCOME (CONTINUED)

Lease payments for the hotel (parcel A) and the hotel/restaurant (parcels B, C, and D) are comprised of a “base rent” and “percentage rent” based upon the revenues generated by the property. Lease payments for the cottages (parcel A-1) are “percentage rent” based upon the revenues generated by the property. Lease payments for the marina (parcel B-1) are comprised of a “base rent” and “percentage rent” based on revenues generated by the property. Lease payments on Parcel E are $10,000 per month until development occurs. After development, lease payments on parcel E will likely be based on the greater of the fair market rent for the property or the percentage rent derived from revenues generated on the property.

In August 2017, the State Fiscal Accountability Authority approved a lease to Patriots Annex, LLC for a minimum term of 99 years. The Patriots Annex lease governs the development of approximately 61 acres of Patriots Point’s property. The land will be developed as a mixed-use development with hotels, office buildings, retail, restaurants, entertainment, and limited residential use. It will be developed in phases with construction of the first phase expected to begin in fiscal year 2020. Patriots Point expects to begin receiving revenue from this development in 2020 or 2021.

Golf Course — The Authority leases certain real property and improvements erected thereon known as the Patriots Point Golf course (the "golf course") to GINN-LA Fund IV Charleston PP Golf, LLC. The lease is automatically renewed at the start of four separate ten-year periods unless the lessee elects to terminate the lease as of the termination date of the then current term by giving written notice to the Authority at least 120 days prior to the termination date of the then current lease term. The lessee has not elected to terminate the lease agreement, and thus the lease period has been extended to December 31, 2021. The terms of the lease agreement provide for the lessee to pay the greater of a base or activity driven rent, as defined by the agreement.

Food and Beverage Commissions — On February 27, 2014, the Authority entered into a contract for the food and vending services on the property with Top Shelf Catering Company LLC (“Top Shelf”). The terms of the contract began on March 16, 2014 and will continue through March 15, 2019 with the option to renew through March 15, 2021. Under the contract with Top Shelf, the Authority receives 20% of CPO galley, concessions, overnight camping meals, and catering revenue as a commission.

Athletic Complex Lease — The Authority entered into a nonrenewable land operating lease agreement effective April 1997, with the College of Charleston to provide for an athletic complex situated on approximately 32 acres of land belonging to the Authority. The land lease agreement provides for the facilities to be owned and maintained by College of Charleston during the lease term. At the end of the lease, the premises and any improvements to the premises revert to the Authority. The annual lease amounts are as follows: years 1 through 5 - $90,000; year 6 - $120,000; years 7 through 65 - the prior year lease amount plus any increases in the Consumer Price Index.

Flight Simulation Commissions — The Authority entered into an agreement August 1996 with Flight Avionics of North America, Inc. to receive commissions on flight simulator revenues. The commission is calculated as 50% of the flight simulator net profit. The most recent contract term expired February 28, 2012, although both parties continue to operate under the terms of the contract while working on a new contract.

Fort Sumter Tour Commissions — The Authority receives commissions and facility rent from Fort Sumter Tours, Inc., a tour boat operator who sells tickets from the Authority's facility. The valuation basis for the commissions is 1.5% of gross receipts. The initial contract term, which ended January 31, 1991, had the option to renew for ten five-year terms, and Fort Sumter Tours, Inc. renewed the contract through January 2021.

NOTE G – LEASE AND COMMISSION INCOME (CONTINUED)

Historical Cost of Leased Land and Improvements — The total historical cost and net value of land and depreciable land improvements leased to parties external to the State of South Carolina reporting entity, is as follows:

	Golf Course	Hotel, Marina, Land, and Other Facilities
Capital Assets, Not Being Depreciated:		
Land and Improvements	$ 1,430,055	$ 2,500,660
Capital Assets, Depreciable		
Depreciable Land Improvements	613,325	183,334
Less: Accumulated Depreciation	(613,325)	(183,334)
Total Capital Assets, Depreciable, Net	-	-
Capital Assets, Net	$ 1,430,055	$ 2,500,660

Future Minimum Rental Payments — A schedule of future minimum base rental income payments on non-cancellable leases of the hotel, cottages, marina, undeveloped parcels, golf courses, and athletic complex are as follows:

	College Charleston	Non-State of South Carolina Parties	Total
2020	$ 164,258	953,610	$ 1,117,868
2021	164,258	950,005	1,114,263
2022	164,258	847,361	1,011,619
2023	164,258	748,321	912,579
2024	164,258	739,783	904,041
2025 - 2029	821,290	3,741,606	4,562,896
2030 - 2034	821,290	3,741,606	4,562,896
2035 - 2039	821,290	3,741,606	4,562,896
2040 - 2044	821,290	3,741,606	4,562,896
2045 - 2049	821,290	3,741,606	4,562,896
2050 - 2054	821,290	3,741,606	4,562,896
2055 - 2059	821,290	3,741,606	4,562,896
2060 - 2064	451,710	3,741,606	4,193,316
2065- 2069	-	3,741,606	3,741,606
2070 - 2074	-	3,741,606	3,741,606
2075 - 2079	-	3,741,606	3,741,606
2080 - 2084	-	3,741,606	3,741,606
2085 - 2089	-	3,741,606	3,741,606
2090 - 2094	-	3,741,606	3,741,606
2095 - 2099	-	1,045,922	1,045,922
	$ 7,022,030	57,667,485	$ 64,689,514

NOTE H – RELATED PARTY TRANSACTIONS

State of South Carolina and Agencies

The Authority has significant transactions with the State and various State agencies. From time to time the Authority will provide rental facilities to other agencies that are part of the State reporting entity. For the years ended June 30, 2019 and 2018, no facility rentals were provided to other State Agencies.

The Authority receives certain services at no cost from State agencies. The main services received by the Authority from State agencies are: maintenance of certain accounting records and payroll and disbursement processing from the State Comptroller General, check preparation and banking functions from the State Treasurer, and legal services from the State Attorney General. For certain of these services the Authority also utilizes the services of third parties.

Other services which are available at no cost from the State Department of Administration include personnel, management, assistance in the preparation of the State budget, review and approval of certain budget amendments and other centralized functions. Retirement plan administration services are provided at no cost from the Public Employee Benefit Authority ("PEBA").

The Authority had financial transactions with various State agencies during the years ended June 30, 2019 and 2018. Significant payments were made to PEBA for retirement and insurance plan contributions. The Authority also made payments to divisions of the State Department of Administration for office supplies, printing, telephone, and interagency mail services. The amounts of expenses for the years ended June 30, 2019 and 2018 applicable to these related party transactions are not readily available.

The Authority leases an athletic complex to College of Charleston. Both entities are part of the State of South Carolina reporting entity. Lease revenue during the years ended June 30, 2019 and 2018 was approximately $170,000 and $170,000, respectively.

NOTE I – RISK MANAGEMENT

The Authority is exposed to various risks of loss, which include property damage, automobile liability, injury and illness to employees, injury to visitors, injury to volunteers, tort liability, and business interruption. The Authority maintains State insurance coverage for each of these risks. In addition, the Authority maintains a commercial crime policy for theft. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. There were no significant reductions in insurance coverage from coverage in the prior year. The costs of settled claims and claims/losses have not exceeded this coverage in any of the past three years for the insured risks or for self-insured employee fidelity losses in the past three years.

The Authority pays insurance premiums to certain other State agencies to cover risks that may occur in normal operations. The insurers promise to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accordance with insurance policy and benefit program limits. State management believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several State funds accumulate assets and the State itself assumes substantially all risks for the following:

- Claims of State employees for unemployment compensation benefits (Department of Employment and Workforce);
- Claims of covered employees for workers' compensation benefits for job-related illnesses or injuries (State Accident Fund);
- Claims of covered public employees for health and dental insurance benefits (South Carolina Public Employee Benefit Authority – Insurance Benefits); and

NOTE I – RISK MANAGEMENT (CONTINUED)

- Claims of covered public employees for long-term disability and group-life insurance benefits (South Carolina Public Employee Benefit Authority – Insurance Benefits).

Employees elect health coverage through the State's self-insured plan. All of the other coverages listed above are through the applicable State self-insured plan except dependent and optional life premiums which are remitted to commercial carriers.

The Authority and other entities pay premiums to the State's Insurance Reserve Fund (the "IRF") which issues policies, accumulates assets to cover the risks of loss, and pays claims incurred for covered losses related to the following Authority assets, activities, and/or events:

- Theft of, damage to, or destruction of assets;
- Real property, its contents, and other equipment;
- Motor vehicles, aircraft, and watercraft (inland marine);
- Torts;
- Business interruptions; and
- Natural disasters

The IRF is a self-insurer and purchases reinsurance to obtain certain services and specialized coverage and to limit losses in the areas of property, boiler and machinery, and automobile liability. Also, the IRF purchases reinsurance for catastrophic property insurance. Reinsurance permits partial recovery of losses from reinsurers, but the IRF remains primarily liable. The IRF purchases insurance for aircraft and ocean marine coverage. The IRF's rates are determined actuarially.

State agencies and other entities are the primary participants in the State's Health and Disability Insurance Fund and in the IRF.

The Authority has recorded insurance premium expense as insurance and rental charges in the Statement of Revenues, Expenses and Changes in Net Position. When applicable, these expenses include, and the related liability has been recorded for, probable and reasonably estimable premium adjustments resulting from actual loss experience for workers' compensation coverage provided by the insurer for the fiscal year for all entities it insures. The Authority is insured for such coverage under a retrospectively rated policy and premiums are accrued based on the ultimate cost of the experience to date of a group of entities.

In management's opinion, claims losses in excess of insurance coverage are unlikely and, if incurred, would be insignificant to the Authority's financial position. Furthermore, there is no evidence of asset impairment or other information to indicate that a loss expense and liability should be recorded at year-end. Therefore, no loss accrual has been recorded.

NOTE J – OTHER POSTEMPLOYMENT BENEFITS

The PEBA is the state agency responsible for the administration and management of the state's employee insurance programs, other postemployment benefits trusts, and retirement systems. The laws of the State and the policies and procedures specified by the State for State agencies are applicable to all activities of the PEBA. By law, the SFAA also reviews certain PEBA Board decisions in administering the State Health Plan and other postemployment benefits ("OPEB"). See Note K for more details on the PEBA and the SFAA.

The PEBA - Insurance Benefits issues audited financial statements and required supplementary information for the OPEB trust funds. This information is publicly available through the PEBA - Insurance Benefits' link on the PEBA's website at www.peba.sc.gov or a copy may be obtained by submitting a request to the PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223. The PEBA is considered a division of the primary government of the state of South Carolina and therefore, OPEB trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Descriptions

The Other Postemployment Benefits Trust Funds ("OPEB Trusts" or "OPEB Plans"), collectively refers to the South Carolina Retiree Health Insurance Trust Fund ("SCRHITF") and the South Carolina Long-Term Disability Insurance Trust Fund ("SCLTDITF"), were established by the State of South Carolina as Act 195, which became effective on May 2008. The SCRHITF was created to fund and account for the employer costs of the State's retiree health and dental plans. The SCLTDITF was created to fund and account for the employer costs of the State's Basic Long-Term Disability ("BLTD") Income Benefit Plan.

In accordance with Act 195, the OPEB Trusts are administered by the PEBA - Insurance Benefits and the State Treasurer is the custodian of the funds held in trust. The PEBA Board has been designated as the Trustee.

The OPEB Trusts are cost-sharing multiple-employer defined benefit OPEB plans. Article 5 of the State Code of Laws defines the two plans and authorizes the Trustee to at any time adjust the plans, including its benefits and contributions, as necessary to insure the fiscal stability of the plans. In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides postemployment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents.

Plan Benefits

The SCRHITF is a healthcare plan that covers retired employees of the State of South Carolina, including all agencies, and public school districts. The SCRHITF provides health and dental insurance benefits to eligible retirees. Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires beginning employment May 2, 2008 and after, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15-24 years of service for 50% employer funding.

The SCLTDITF is a long-term disability plan that covers employees of the State of South Carolina, including all agencies and public school districts and all participating local governmental entities. The SCLTDITF provides disability payments to eligible employees that have been approved for disability. Since the employer contribution/premium paid and the proportionate share of the net OPEB liability and related deferred outflows and inflows of resources related to the SCLTDITF are not material to the Authority, no SCLTDITF OPEB amounts have been recorded in these financial statements and only limited note disclosures have been provided related to these benefits.

NOTE J – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan Contributions and Funding Policies

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires the postemployment and long-term disability benefits to be funded through nonemployer and employer contributions for active employees and retirees to the PEBA – Insurance Benefits. Nonemployer contributions consist of an annual appropriation by the General Assembly and the statutorily required transfer from PEBA – Insurance Benefits reserves.

The SCRHITF is funded through participating employers that are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office on active employee covered payroll. The South Carolina Retirement System collects the monthly covered payroll surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF also include implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer's active employees. For purposes of GASB Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer's contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs. Nonemployer contributions include the mandatory transfer of accumulated PEBA – Insurance Benefits' reserves and the annual appropriation budgeted by the General Assembly. It is also funded through investment income.

The covered payroll surcharge rates for the past three years were as follows:

	Year Ended June 30,		
	2017	2018	2019
Employer Contribution Rate^	5.33%	5.50%	6.05%

^ Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

The required payroll surcharge, percentages of amounts contributed, and eligible payroll covered by the SCRHITF for the past three years were as follows:

Year Ended June 30,	Contributions		
	Required	% Contributed	Eligible Payroll
2019	$ 251,583	100%	$ 3,957,293
2018	234,449	100%	3,430,629
2017	$ 209,419	100%	$ 3,929,065

The State (via state appropriations) and the PEBA-Insurance Benefits (via state statute to transfer amounts above 140% of incurred but not reported claims) contributed to the SCRHITF on behalf of the Authority approximately $50,000 for the year ended June 30, 2018 (measurement period). The contributions from these nonemployer contributing entities were approximately $46,000 for the year ended June 30, 2019.

In accordance with part (b) of paragraph 69 of GASB Statement No. 75, participating employers should recognize revenue in an amount equal to the employer's proportionate share of the change in the collective net OPEB liability arising from contributions to the OPEB plan during the measurement period from nonemployer contributing entities for purposes other than the separate financing of specific liabilities to the OPEB plan. Therefore, employers should classify this revenue in the same manner as it classifies grants from other entities.

NOTE J – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan Contributions and Funding Policies (Continued)

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Trusts, and additions to and deductions from the OPEB Trusts fiduciary net position have been determined on the same basis as they were reported by the OPEB Trusts. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

Actuarial Assumptions and Methods

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of the Authority's Proportionate Share of the Net OPEB Liability and the Schedule of the Authority's Contributions, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about the Authority's net OPEB liability, funded status of the OPEB Plan, and the Authority's contributions to the OPEB Plan.

Projections of benefits for financial reporting purposes are based on the substantive plans (as understood by the employer and plan participants) and include the types of benefits provided at the time the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The total OPEB liability, net OPEB liability, and sensitivity information were determined by the consulting actuary and are based on the June 30, 2017 actuarial valuation. The total OPEB liability was rolled-forward from the valuation date to the OPEB plan's fiscal year ended June 30, 2018 using generally accepted actuarial principles.

NOTE J – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions and Methods (Continued)

The following table provides a summary of the actuarial assumptions and methods used in the latest valuation for the SCRHITF:

Valuation Date:	June 30, 2017
Actuarial Cost Method:	Entry Age Normal
Actuarial Assumptions:	
Inflation:	2.25%
Investment Rate of Return:	4.00%, net of plan investment expense: including inflation
Single Discount Rate:	3.62% as of June 30, 2018
Demographic Assumptions:	Based on the experience study performed for the South Carolina Retirement Systems for the five-year period ending June 30, 2015
Mortality:	For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. Multipliers are applied to the based tables based on gender and employment type.
Health Care Trend Rate:	Initial trend starting at 6.75% and gradually decreasing to an ultimate trend rate of 4.15% over a period of 14 years
Aging Factors	Based on plan specific experience
Retiree Participation:	79% for retirees who are eligible for funded premiums 59% for retirees who are eligible for partial funded premiums 20% for retirees who are eligible for non-funded premiums
Notes:	The discount rate changed from 3.59% as of June 30, 2017 to 3.62% as of June 30, 2018.

NOTE J – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Long-Term Expected Rate of Return

The long-term expected rate of returns represents assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2017 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation. For actuarial purposes, the 4.00 percent assumed annual investment rate of return includes a 1.75 percent real rate of return and a 2.25 percent inflation component. This information is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Allocation-Weighted Long-Term Expected Real Rate of Return
US Domestic Fixed Income	80.0%	2.09%	1.67%
Cash	20.0%	0.84%	0.17%
Total	100.0%		1.84%
Expected Inflation			2.25%
Total Return			4.09%
Investment Return Assumption			4.00%

Single Discount Rate

The Single Discount Rate of 3.62% was used to measure the total OPEB liability for the SCRHITF. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the SCRHITF's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent).

OPEB Liability, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

The net OPEB liability ("NOL") is calculated separately for each system and represents that particular system's total OPEB liability determined in accordance with GASB No. 74 less its fiduciary net position. NOL totals, as of the June 30, 2018 measurement date for the SCRHITF , are presented in the following table:

System	Total OPEB Liability	OPEB Plan Fiduciary Net Position	Employers' Net OPEB Liability (Asset)	OPEB Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
SCRHITF	$ 15,387,115,010	1,216,530,062	$ 14,170,584,948	7.91%

The total OPEB liability is calculated by PEBA's actuary, and the fiduciary net position is reported in the PEBA's financial statements. The net OPEB liability is disclosed in accordance with the requirements of GASB No. 74 in the PEBA's notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 74 and 75 are not applicable for other purposes, such as determining the OPEB Plans' funding requirements.

NOTE J – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

OPEB Liability, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

At June 30, 2019, the Authority reported a liability of approximately $6,361,000 for its proportionate share of the net OPEB liability for the SCRHITF. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability for the SCRHITF used to calculate the net OPEB liability was determined based on the most recent actuarial valuation report of June 30, 2017 that was projected forward to the measurement date. The Authority's proportion of the net OPEB liability was based on a projection of the Authority's long-term share of contributions to the SCRHITF relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2018 measurement date, the Authority's proportion was 0.044892 percent, which was a decrease of 0.002269 from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Authority recognized OPEB expense of approximately $325,000 for the SCRHITF. At June 30, 2019, the Authority reported deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to OPEBs from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 95,298	$ 2,217
Change in Assumptions	-	518,015
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	24,392	-
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	-	289,107
Employer Contributions Subsequent to the Measurement Date	251,583	-
Total	$ 371,273	$ 809,339

Approximately $252,000 that was reported as deferred outflows of resources related to the Authority's contributions subsequent to the measurement date to the SCRHITF, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to the SCRHITF will increase (decrease) OPEB expense as follows:

Year Ended June 30,	Increase (Decrease) OPEB Expense
2020	$ (122,562)
2021	(122,562)
2022	(122,562)
2023	(125,174)
2024	(129,313)
Thereafter	(67,476)
Total	$ (689,649)

NOTE J – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

OPEB Liability, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

The following table presents the sensitivity of the Authority's net OPEB liability for the SCRHITF to changes in the discount rate, calculated using the discount rate of 3.62%, as well as what it would be if it were calculated using a discount rate that is 1% point lower (2.62%) or 1% point higher (4.62%) than the current rate:

	1% Decrease (2.62%)	Current Discount Rate (3.62%)	1% Increase (4.62%)
Net OPEB Liability	$ 7,494,410	6,361,459	$ 5,448,211

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following table presents the sensitivity of the Authority's net OPEB liability to changes in the healthcare cost trend rate, calculated using the healthcare cost trend rate of 6.75% decreasing to 4.15%, as well as what it would be if it were calculated using a healthcare cost trend rate that is 1% point lower (5.75% decreasing to 3.15%) or 1% point higher (7.75% decreasing to 5.15%) than the current rate:

	1% Decrease (5.75% decreasing to 3.15%)	Current Healthcare Cost Trend Rate (6.75% decreasing to 4.15%)	1% Increase (7.75% decreasing to 5.15%)
Net OPEB Liability	$ 5,234,454	6,361,459	$ 7,818,468

OPEB Plans' Fiduciary Net Position

Detailed information regarding the fiduciary net position of the OPEB Plans administered by the PEBA is available in the separately issued financial statements and required supplementary information for the South Carolina Public Employee Benefit Authority, Insurance Benefits and Other Post Employment Benefits Trust Funds. This information is publicly available through the Insurance Benefits' link on the PEBA's website at www.peba.sc.gov or a copy may be obtained by submitting a request to the PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223.

NOTE K – RETIREMENT PLANS

The Authority participates in the State of South Carolina's retirement plans, which are administered by the South Carolina Public Employee Benefit Authority ("PEBA"). The PEBA, created on July 1, 2012 and governed by an 11-member Board of Directors ("PEBA Board"), is the state agency responsible for the administration and management of the various retirement systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, the PEBA is responsible for administering the South Carolina Retirement Systems' ("Systems") five defined benefit pension plans. The Retirement Funding and Administration Act of 2017, which became effective July 1, 2017, increased the employer and employee contribution rates, established a ceiling on the SCRS and PORS employee contribution rates, lowered the assumed rate of return, required a scheduled reduction of the funding periods, and addressed various governance issues including the assignment of the PEBA Board as custodian of the retirement trust funds and assignment of the Retirement Systems Investment Commission ("RSIC") and PEBA as co-trustees of the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority ("SFAA"), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

NOTE K – RETIREMENT PLANS (CONTINUED)

The PEBA issues a Comprehensive Annual Financial Report ("CAFR") containing financial statements and required supplementary information for the System' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on the PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. The PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Description

The South Carolina Retirement System ("SCRS"), a cost–sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

Plan Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements of the SCRS is presented below.

SCRS – Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Plan Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary. A brief summary of benefit terms for the SCRS is presented below.

SCRS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

NOTE K – RETIREMENT PLANS (CONTINUED)

Plan Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. If the scheduled employee and employer contributions provided in statute, or the rates last adopted by the PEBA Board, are insufficient to maintain the period set in statute, the PEBA Board shall increase employer contribution rates as necessary.

After June 30, 2027, if the most recent annual actuarial valuation of the System for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than eighty-five percent, then the PEBA Board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than eighty-five percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than eighty-five percent, then effective on the following July first, and annually thereafter as necessary, the PEBA Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than eighty-five percent.

The Retirement System Funding and Administration Act establishes a ceiling on employee contribution rates at 9 percent for the SCRS. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56 percent for the SCRS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a twenty-year amortization period.

As noted earlier, both employees and the Authority are required to contribute to the Plan at rates established and as amended by the PEBA. The Authority's contributions are actuarially determined but are communicated to and paid by the Authority as a percentage of the employees' annual eligible compensation. Required employer and employee contribution rates for the past three years are as follows:

	SCRS Rates		
	2017	2018	2019
Employer Contribution Rate:^			
Retirement	11.41%	13.41%	14.41%
Incidental Death Benefit	0.15%	0.15%	0.15%
Accidental Death Contributions	0.00%	0.00%	0.00%
	11.56%	13.56%	14.56%
Employee Contribution Rate	8.16%	8.66%	9.00%

^ Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

The required contributions and percentages of amounts contributed by the Authority to the Plans for the past three years were as follows:

Year Ended	SCRS Contributions	
June 30,	Required	% Contributed
2019	$ 576,182	100%
2018	465,193	100%
2017	$ 454,200	100%

NOTE K – RETIREMENT PLANS (CONTINUED)

Plan Contributions (Continued)

In an effort to help offset a portion of the burden of the increased contribution requirement for employers, the State General Assembly ("State") funded 1 percent of the SCRS and PORS contribution increases for the year ended June 30, 2018. The State's budget appropriated these funds directly to the PEBA for the South Carolina Retirement System Trust Fund and the Police Officers Retirement System Trust Fund. The amount of funds appropriated by the State (nonemployer contributing entity) for the year ended June 30, 2018 (measurement date) to the Authority were approximately $38,000 for the SCRS.

The Authority recognized contributions (on-behalf benefits) from the State of approximately $35,000 for the year ended June 30, 2019.

Eligible payrolls of the Authority covered under the Plans for the past three years were as follows:

Year Ended June 30,	SCRS Payroll
2019	$ 3,957,293
2018	3,430,629
2017	$ 3,929,065

Actuarial Assumptions and Methods

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2015.

The June 30, 2018 total pension liability ("TPL"), net pension liability ("NPL"), and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company ("GRS"), and are based on an actuarial valuation performed as of July 1, 2017. The TPL was rolled-forward from the valuation date to the Plans' fiscal year end, June 30, 2018, using generally accepted actuarial principles.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2018 for the SCRS.

	SCRS
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return*	7.25%
Projected Salary Increases*	3.0% to 12.5% (varies by service)
Benefit Adjustments	Lesser of 1% or $500 annually

* Includes inflation at 2.25%.

NOTE K – RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions and Methods (Continued)

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table ("2016 PRSC"), was developed using the System's mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

Former Job Class	Males	Females
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 30 year capital market assumptions. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the following table. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

NOTE K – RETIREMENT PLANS (CONTINUED)

Long-Term Expected Rate of Return (Continued)

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Global Equity	**47.0%**		
Global Public Equity	33.0%	6.99%	2.31%
Private Equity	9.0%	8.73%	0.79%
Equity Options Strategies	5.0%	5.52%	0.28%
Real Assets	**10.0%**		
Real Estate (Private)	6.0%	3.54%	0.21%
Real Estate (REITs)	2.0%	5.46%	0.11%
Infrastructure	2.0%	5.09%	0.10%
Opportunistic	**13.0%**		
GTAA/Risk Parity	8.0%	3.75%	0.30%
Hedge Funds (non-PA)	2.0%	3.45%	0.07%
Other Opportunistic Strategies	3.0%	3.75%	0.11%
Diversified Credit	**18.0%**		
Mixed Credit	6.0%	3.05%	0.18%
Emerging Markets Debt	5.0%	3.94%	0.20%
Private Debt	7.0%	3.89%	0.27%
Conservative Fixed Income	**12.0%**		
Core Fixed Income	10.0%	0.94%	0.09%
Cash and Short Duration (Net)	2.0%	0.34%	0.01%
Total Expected Real Return	100.0%		5.03%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.28%

Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. The NPL total, as of the June 30, 2018 measurement date, for the SCRS, is presented in the following table:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	$ 48,821,730,067	26,414,916,370	$ 22,406,813,697	54.1%

The TPL is calculated by the System's actuary, and each Plan's fiduciary net position is reported in the System's financial statements. The NPL is disclosed in accordance with the requirements of GASB No. 67 in the System's notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the Plan's funding requirements.

NOTE K – RETIREMENT PLANS (CONTINUED)

Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

At June 30, 2019, the Authority reported a liability of approximately $8,182,000 for its proportionate share of the NPL for the SCRS. The NPL were measured as of June 30, 2018, and the TPL for the Plan used to calculate the NPL were determined based on the most recent actuarial valuation report of July 1, 2017 that was projected forward to the measurement date. The Authority's proportion of the NPL were based on a projection of the Authority's long-term share of contributions to the Plan relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2018 measurement date, the Authority's SCRS proportion was 0.036516 percent, which was a decrease of 0.001961 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Authority recognized pension expense of approximately $934,000 for the SCRS. At June 30, 2019, the Authority reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences Between Expected and Actual Experience	$ 14,770	$ 48,149
Change in Assumptions	324,618	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	129,972	-
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	220,333	303,225
Employer Contributions Subsequent to the Measurement Date	576,182	-
Total SCRS	$ 1,265,875	$ 351,374

Approximately $576,000 that were reported as deferred outflows of resources related to the Authority's contributions subsequent to the measurement date to the SCRS will be recognized as a reduction of the NPL in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS will increase (decrease) pension expense as follows:

Year Ended June 30,	SCRS
2020	$ 383,949
2021	162,383
2022	(186,589)
2023	(21,424)
Total	$ 338,319

NOTE K – RETIREMENT PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the TPL was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in the SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity Analysis

The following table presents the sensitivity of the Authority's proportionate share of the NPL of the Plan to changes in the discount rate, calculated using the discount rate of 7.25 percent, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.25 percent) or 1% point higher (8.25 percent) than the current rate:

System	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
The Authority's proportionate share of the net pension liability of the SCRS	$ 10,455,146	8,182,054	$ 6,577,012

Plan Fiduciary Net Position

Detailed information regarding the fiduciary net position of the Plan administered by the PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for the SCRS. The CAFR is publicly available through the Retirement Benefits' link on the PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

NOTE L – COMMITMENTS

The Authority has a lease agreement with Fort Sumter Tours, Inc. expiring January 31, 2021. As a condition of the contract with Fort Sumter Tours, Inc., the Authority is obligated to provide dredging of the boat docking facilities at the Authority. The most recent dredging took place during fiscal year ended June 30, 2014, at a cost of approximately $821,000 paid for by Fort Sumter Tours, Inc., and it is anticipated that additional dredging will be required every eight to ten years. The Authority anticipates paying for the cost of future dredging from lease and other revenues.

The Authority must maintain its attractions to draw for visitors and ensure safety. Under the donation agreement from the Department of Navy for the USS Yorktown, the Authority is required to perform routine maintenance as considered necessary to provide for appropriate presentation of the USS Yorktown. Costs associated with maintenance of the USS Yorktown and other exhibits are expensed as incurred. The revenue source for the ongoing routine maintenance is expected to be amounts generated from admissions to the exhibits of the Authority.

NOTE M – COLD WAR SUBMARINE MEMORIAL

In 2003, the Authority received a Cold War Submarine Memorial (the "Memorial") from the Cold War Submarine Memorial Foundation, Inc. The estimated costs associated with construction of the Memorial were $850,000. The Memorial was donated to the Authority and as such the Authority incurred no costs associated with the Memorial. No amount has been recorded within these financial statements for the donation as the authoritative accounting guidance provides that additions such as this should not be recorded when the following conditions are met (such conditions are considered met): a) held for public exhibition and education, rather than for financial gain, b) protected and preserved, and c) subject to an organizational policy that requires the proceeds for any sale to be used to acquire other items for collections.

Required Supplementary Information

PATRIOTS POINT DEVELOPMENT AUTHORITY
MOUNT PLEASANT, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PATRIOTS POINT DEVELOPMENT AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - SOUTH CAROLINA RETIREMENT SYSTEM

LAST SIX FISCAL YEARS

	Year Ended June 30,					
	2019	**2018**	**2017**	**2016**	**2015**	**2014**
Patriots Point Development Authority's Proportion of the Net Pension Liability	0.037%	0.038%	0.038%	0.035%	0.033%	0.033%
Patriots Point Development Authority's Proportionate Share of the Net Pension Liability	$ 8,182,054	8,661,791	8,026,178	6,682,108	5,718,694	$ 5,957,765
Patriots Point Development Authority's Covered Payroll	$ 3,430,629	3,929,065	3,417,694	3,191,404	3,015,557	$ 2,783,066
Patriots Point Development Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	238.50%	220.45%	234.84%	209.38%	189.64%	214.07%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.105%	53.338%	52.906%	56.992%	56.992%	59.919%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.

The Authority implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.

The discount rate was lowered from 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date.

PATRIOTS POINT DEVELOPMENT AUTHORITY
MOUNT PLEASANT, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PATRIOTS POINT DEVELOPMENT AUTHORITY'S CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

	Year Ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually Required Contribution	$ 576,182	465,193	454,200	377,997	347,863	319,649	295,005	256,471	222,103	$ 191,700
Contributions in Relation to the Contractually Required Contribution:										
Contributions from the Authority	541,151	427,098	454,200	377,997	347,863	319,649	295,005	256,471	222,103	191,700
Contributions from the State	35,031	38,095	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	$ -	-	-	-	-	-	-	-	-	$ -
Patriots Point Development Authority's Covered Payroll	$ 3,957,293	3,430,629	3,929,065	3,417,694	3,191,404	3,015,557	2,783,066	2,689,785	2,365,314	$ 2,041,534
Contributions as a Percentage of Covered Payroll	14.560%	13.560%	11.560%	11.060%	10.900%	10.600%	10.600%	9.535%	9.390%	9.390%

PATRIOTS POINT DEVELOPMENT AUTHORITY
MOUNT PLEASANT, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PATRIOTS POINT DEVELOPMENT AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND

LAST THREE FISCAL YEARS

	Year Ended June 30,		
	2019	**2018**	**2017**
Patriots Point Development Authority's Proportion of the Net OPEB Liability	0.045%	0.047%	0.047%
Patriots Point Development Authority's Proportionate Share of the Net OPEB Liability	$ 6,361,459	6,387,880	$ 6,823,551
Patriots Point Development Authority's Covered Payroll	$ 3,430,629	3,929,065	$ 3,417,694
Patriots Point Development Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	185.43%	162.58%	199.65%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	7.906%	7.604%	6.624%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year (measurement date).
The Authority adopted GASB #75 during the year ended June 30, 2018. Information before 2017 is not available.

The discount rates used by year were as follows:	3.62%	3.56%	2.92%

PATRIOTS POINT DEVELOPMENT AUTHORITY
MOUNT PLEASANT, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PATRIOTS POINT DEVELOPMENT AUTHORITY'S CONTRIBUTIONS
SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND

LAST TEN FISCAL YEARS

	Year Ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually Required Contribution	$ 251,583	234,449	209,419	182,163	159,570	148,365	126,630	115,661	92,247	$ 71,454
Contributions in Relation to the Contractually Required Contribution	251,583	234,449	209,419	182,163	159,570	148,365	126,630	115,661	92,247	71,454
Contribution Deficiency (Excess)	$ -	-	-	-	-	-	-	-	-	$ -
Patriots Point Development Authority's Covered Payroll	$3,957,293	3,430,629	3,929,065	3,417,694	3,191,404	3,015,557	2,783,066	2,689,785	2,365,314	$2,041,534
Contributions as a Percentage of Covered Payroll	6.357%	6.834%	5.330%	5.330%	5.000%	4.920%	4.550%	4.300%	3.900%	3.500%

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Greene Finney, LLP
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

Mr. George L. Kennedy, III., CPA
State Auditor
Office of the State Auditor
Columbia, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Patriots Point Development Authority (the "Authority"), a discretely presented component unit of the State of South Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated September 10, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Greene Finney, LLP

Greene Finney, LLP
Mauldin, South Carolina
September 10, 2019